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Report of the International Civil Service Commission for the year 2001

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Fifty-sixth Session
Supplement No. 30 (A/56/30)

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Note

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Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Coordination
ACPAQ	Advisory Committee on Post Adjustment Questions
CCAQ	Consultative Committee on Administrative Questions
CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

Glossary of technical terms

Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world are those given in this scale.
Best practice	An innovative policy, strategy, programme, process or practice that has a demonstrated positive impact upon performance, is currently being used by at least one major employer and is relevant and applicable to others.
Broad banding	A method of providing greater flexibility to reward individual performance and contribution. The term describes the action of combining and replacing several classification levels by a single, broader classification level (called a "band"). A broad-banded system is characterized by a limited number of wider bands or ranges and a bigger salary overlap between bands.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest pay levels. The United States federal civil service has been used as the comparator since the inception of the United Nations. See also "Highest paid civil service" and "Noblemaire principle".
Consolidation of post adjustment	The base/floor salary scale for the Professional and higher categories is adjusted periodically to reflect increases in the comparator salary scale. This upward adjustment is made by taking a fixed amount of post adjustment and incorporating or "consolidating" it into the base/floor salary scale. If the scale is increased by consolidating 5 per cent of post adjustment, the post adjustment classifications at all duty stations are then reduced by 5 per cent, thus ensuring, generally, no losses or gains to staff.
Cost-of-living differential	In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington is applied to the comparator salaries to determine their "real value" in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above.
Dependency rate salaries	Net salaries determined for staff with a primary dependant.
Dollar-driven expenditures	These are expenditures on such items as life insurance, car purchases, durable goods and remittances to family members abroad set in fixed United States dollar amounts and treated as out-of-area purchases for the purpose of calculating the out-of-area index.
Employment cost index (ECI)	Under the Federal Employees' Pay Comparability Act (FEPCA) (see below), a wage index that measures the percentage change in the average non-federal sector payroll costs between two points in time is calculated. The index, known as ECI, is based on the measurement of payroll costs

	across the United States. ECI is used as the basis for an across-the-board adjustment to salaries of United States federal civil service employees. Under FEPCA, United States federal civil servants can also receive a locality-based adjustment.
Federal Employees' Pay Comparability Act	The Federal Employees' Pay Comparability Act (FEPCA) (1990), passed by the United States Congress whereby the pay of federal civil service employees would be brought to within 5 per cent of non-federal-sector comparator pay over a period of time.
Flemming principle	The basis used for the determination of conditions of service of the General Service and other locally recruited categories of staff. Under the application of the Flemming principle, General Service conditions of employment are based on best prevailing local conditions.
General Schedule	A 15-grade salary scale in the comparator (United States) civil service, covering the majority of employees.
Global compact	An initiative of the United Nations Secretary-General to involve business in upgrading environmental, labour and human rights conditions, and to bring the benefits of globalization to more people worldwide.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Montreal, New York, Paris, Rome and Vienna. While the Universal Postal Union is headquartered at Berne (Switzerland), post adjustment and General Service salaries at Geneva are currently used for Berne.
Highest paid civil service	Under the application of the Noblemaire principle, salaries of United Nations staff in the Professional and higher categories are based on those applicable in the civil service of the country with the highest pay levels, currently the United States. See also "Comparator" and "Noblemaire principle".
Linked grades	A linked grade approach provides for the application of the salary scales of two or more grades to a position whose value to the organization is equal to that signified by only one of the grades; thus, grades P-2 and P-3 might be linked to administer the salary of an incumbent performing a job evaluated at either the P-2 or the P-3 level.
Locality-based pay	Under FEPCA (see above), the United States Government has established approximately 30 separate locality pay areas. The locality-pay provision of FEPCA is based on average salary levels prevailing in the local labour market. For federal civil servants in a given locality, FEPCA provides for the payment of an ECI-based increase plus a locality-pay adjustment, if appropriate, for the period 1994-2002, with a view to ensuring that federal pay is brought to within 5 per cent of the non-federal pay for the locality.
Mobility and hardship allowance	A non-pensionable allowance designed to encourage mobility between duty stations and to compensate for service at difficult locations.
Net remuneration margin	The Commission regularly carries out comparisons of the net remuneration of the United Nations staff in grades P-1 to D-2 in New York with that of the United States federal civil service employees in comparable positions in Washington, D.C. The average percentage difference in the remuneration of

	the two civil services, adjusted for the cost-of-living differential between New York and Washington, is the net remuneration "margin".
Noblemaire principle	The basis used for the determination of conditions of service of staff in the Professional and higher categories. Under the application of the principle, salaries of the Professional category are determined by reference to those applicable in the civil service of the country with the highest pay levels. See also "Comparator" and "Highest paid civil service".
Pensionable remuneration	The amount used to determine contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund (UNJSPF). Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement.
Performance management	The process of optimizing performance at the level of the individual, team, unit, department and agency and linking it to organizational objectives. In its broadest sense, effective performance management is dependent on the effective and successful management of policies and programmes, planning and budgetary processes, decision-making processes, organizational structure, work organization and labour-management relations and human resources.
Performance-related pay	A generic concept involving a financial or financially measurable reward linked directly to individual, team or organizational performance, in the form of either base pay or a cash bonus payment. Terms used to describe different types of performance-related pay may vary. They include: Merit pay/performance-related pay/pay for performance/variable pay: these are tools tailored to relate individual base pay increases to individual results usually through a performance appraisal scheme and a performance rating. Lump-sum bonus: a non-recurring cash lump sum related to the results achieved by an individual, team and/or agency or to recognize an intensive effort over a specific time period. May be pensionable or non-pensionable.
Place-to-place survey	Survey carried out as part of the process for establishing a post adjustment index. It compares living costs between a given location and the base city, New York, at a specified date.
Post adjustment index	Measurement of the living costs of international staff members in the Professional and higher categories posted at a given location, compared with such costs in New York at a specific date.
Post adjustment classification	Post adjustment classification is based on the cost of living (post adjustment multiplier) as reflected in the respective post adjustment index for each duty station and is expressed in terms of multiplier points. For example, staff members at a duty station classified at multiplier 5 would receive a post adjustment amount equivalent to 5 per cent of net base salary as a supplement to base pay. The pay index at the duty station would be 100 + 5 or 105.
Senior Executive Service (SES)	In the comparator (United States) civil service, a Senior Executive Service was created as a separate personnel system for senior managers who administer programmes at the highest levels of the federal government.

	There are six pay levels but no grades in SES. A number of other countries have also established SES or senior public service systems.
Separation payments	Upon separation from service, staff may receive compensation for one or more of the following: accumulated annual leave, repatriation grant and termination indemnity. Death grant is payable to the survivor of a staff member.
Single rate salaries	Net salaries determined for staff without a primary dependant.
Staff assessment	Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is a form of taxation, internal to the United Nations, and is analogous to taxes on salaries applicable in most countries.
Tax abatement	In the context of dependency allowances, tax credit or relief provided to taxpayers who are responsible for the financial support of dependants (spouse, children, parents, etc.) in the tax systems of a number of countries.
Tax Equalization Fund	A fund maintained by the United Nations and other specialized agencies that is used for reimbursing national taxes levied on United Nations income for some staff members.
Time-to-time adjustment	Post adjustment indices resulting from place-to-place surveys (see above) are adjusted on a "time-to-time" basis between such surveys to account for local inflation and currency fluctuations.

Letter of transmittal

9 August 2001

Sir,

I have the honour to transmit herewith the twenty-seventh annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(*Signed*) **M. Bel Hadj Amor**
Chairman

His Excellency
Mr. Kofi Annan
Secretary-General of the United Nations
New York

Summary of recommendations of the International Civil Service Commission that call for decisions by the General Assembly and the legislative organs of the other participating organizations

Paragraph reference	
	A. Conditions of services applicable to both categories
	1. Introduction of the euro
86 (a)	The Commission decided to recommend:
	(a) To the General Assembly and/or organizations that as of 1 January 2002 the euro should be used as the official currency for those emoluments which are currently set in the national currencies of the 12 euro-zone countries. The national currency amounts would be converted by applying the respective fixed conversion rates and then rounded up or down to the nearest euro;
86 (b)	(b) To the General Assembly the converted values of the education grant for nine currency areas (annex III) and of the children's and secondary dependant's allowances for nine locations (annex IV) that will change over to the euro as of 1 January 2002;
86 (c)	(c) That organizations should officially convert into euros, where applicable, their respective General Service salary scales and allowances as of 1 January 2002 on the basis of the approach referred to in paragraph (a) above.
	B. Remuneration of the Professional and higher categories
	1. Base/floor salary scale
97	The Commission decided to recommend to the General Assembly that the current base/floor salary scale for the Professional and higher categories of staff should be increased by 3.87 per cent through consolidation of post adjustment, with effect from 1 March 2002. The proposed base/floor salary scale may be found in annex V.
	2. Staff assessment scale to be used in conjunction with base/floor salaries
97	The Commission decided to recommend to the General Assembly that the staff assessment rates in annex VI to the present report should be used in conjunction with gross base salaries.

Summary of recommendations of the International Civil Service Commission to the executive heads of the participating organizations

Paragraph reference	
	Conditions of service of the General Service and other locally recruited categories
	As part of its responsibilities under article 12, paragraph 1, of its statute, the International Civil Service Commission conducted surveys of best prevailing conditions of employment for:
126	(a) The General Service and related categories in Rome and recommended the resulting salary scale (see annex VIII to the present report) and dependency allowances to the Director-General of the Food and Agriculture Organization of the United Nations;
127 and 128	(b) The Trades and Crafts and Language Teachers categories in New York and recommended the resulting salary scales (annexes IX and X) to the Secretary-General of the United Nations.

Summary of financial implications of the decisions and recommendations of the International Civil Service Commission for the United Nations and other participating organizations of the common system

Paragraph reference	
	A. Remuneration of the Professional and higher categories
	Base/floor salary scale
93	The financial implications associated with the Commission's recommendation regarding the revised base/floor salary scale for the Professional and higher categories of staff in annex V to the present report were estimated at approximately $8,985,000 per annum, system-wide. A breakdown by elements is presented in paragraph 93 of the present report. As the revised scale was proposed to be implemented effective 1 March 2002, the corresponding financial implications for 10 months in 2002 were estimated at $7,487,500.
	B. Remuneration of the General Service and other locally recruited categories
	1. Survey of best prevailing conditions of employment for the General Service and related categories in Rome
126	The financial implications associated with the implementation of the salary scale for the General Service and related categories as well as the revised rates of dependency allowances for this category of staff in Rome arising from the survey conducted by the Commission were estimated at $1,900,000 per annum.
	2. Survey of best prevailing conditions of employment for the General Service and related categories at New York
127 and 128	The financial implications associated with the implementation of the salary scales for the Trades and Crafts and Language Teachers categories in New York arising from surveys conducted by the Commission were estimated at $400,000 per annum.

Chapter I
Organizational matters

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> "The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute ..."

2. To date, 12 organizations have accepted the statute of the Commission and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances.[1] One other organization, although not having formally accepted the statute, participates fully in the work of the Commission.[2]

B. Membership

3. The membership of the Commission for 2001 is as follows:

Chairman:

Mohsen Bel Hadj Amor (Tunisia)**

Vice-Chairman:

Eugeniusz Wyzner (Poland)**
Mario Bettati (France)*
Turkia Daddah (Mauritania)**
Alexei Fedotov (Russian Federation)***
Asda Jayanama (Thailand)***
João Augusto de Médicis (Brazil)*
Lucretia Myers (United States of America)*
Ernest Rusita (Uganda)***
José R. Sanchis Muñoz (Argentina)**
C. M. Shafi Sami (Bangladesh)***
Alexis Stephanou (Greece)*
Wolfgang Stöckl (Germany)**
Ku Tashiro (Japan)*
El Hassane Zahid (Morocco)***

* Term of office expires 31 December 2001.
** Term of office expires 31 December 2002.
*** Term of office expires 31 December 2004.

C. Session held by the Commission and questions examined

4. In line with the Commission's decision, taken at its summer session in 2000,[3] to use the resources intended for the funding of the spring session for three working groups in which ICSC members participated, it held one session in 2001, the fifty-third, which took place from 11 to 29 June at the headquarters of the International Civil Aviation Organization (ICAO) in Montreal.

5. At the fifty-third session, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

D. Forum on human resources management

6. The Commission organized its fourth forum on human resources management from 8 to 10 June at Val-David, Canada. The theme was managing change, bearing in mind the ongoing review of the pay and benefits system and anticipating possible modifications thereto. Representatives from two national civil services (France and Mexico) discussed their experiences in bringing about change in their respective countries. Recognized experts from the private sector brainstormed with members of the Commission, representatives of the organizations and of the staff, inter alia, on overall strategies for organizational change, the role of change agents and implications for the common system of organizations.

E. Subsidiary body

7. The Commission's Advisory Committee on Post Adjustment Questions (ACPAQ) held its twenty-fourth session at United Nations Headquarters in New York from 12 to 20 March 2001. The Committee was composed of the following members: Eugeniusz Wyzner (Poland), Vice-Chairman of the Commission and Chairman of the Committee; John Astin (United Kingdom of Great Britain and Northern Ireland); Edmundo Berumen-Torres (Mexico); Youri Ivanov

(Russian Federation); Yuki Miura (Japan); and Emmanuel Oti Boateng (Ghana).

F. Programme of work of the Commission for 2002

8. At its summer (June) 2001 session, the Commission considered its programme of work for 2002 and decided to place on its agendas the items set forth in annex I to the present report. It noted that the ongoing review of pay and benefits would require concentration on topics related to that review. In that context, the Commission recognized that it might not be possible to take up all proposed agenda items. The Commission decided on the following arrangements, to be coordinated by the Chairman of ICSC: a working group would be formed, composed of members of the ICSC secretariat and representatives of ACC, the organizations and the staff, to develop the ideas and approaches contained in the present report. The Working Group's report would be submitted to the 2002 spring session of ICSC. For consideration of that report, the Commission would transform itself into an open-ended working group of the whole. Between the spring and summer sessions, proposals for the review would be finalized and presented to the 2002 summer session of the Commission for further consideration.

Chapter II
Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system

9. The Commission considered documentation in response to General Assembly resolution 55/223 of 20 December 2000 on the common system. The Commission was also provided with the details of the ICSC Chairman's presentation of the twenty-sixth annual report of the Commission (A/55/30) to the Fifth Committee of the General Assembly, the general debate thereon in the Fifth Committee and the informal consultations among Member States leading to the adoption of the consensus resolution on the common system.

10. Details were also provided on various resolutions and/or decisions adopted by the governing bodies of the organizations of the common system that could be of interest to the Commission. In that context, the resolutions/decisions adopted by the United Nations, the World Intellectual Property Organization (WIPO) and the World Meteorological Organization (WMO) were brought to the attention of the Commission.

Chapter III
Conditions of service applicable to both categories of staff

A. Human resources management

1. Standards of conduct for the international civil service

11. In 1998, the International Civil Service Commission decided to update the 1954 report of the International Civil Service Advisory Board, entitled "Standards of conduct in the international civil service", in consultation with participating organizations. The General Assembly noted this information in its resolutions 52/252 and 54/238. Ethics/standards of conduct are a high priority, and a core element in the integrated framework for human resources management approved by the General Assembly in its resolution 55/223.

12. Over the past three years the Commission has worked closely with the organizations and the representatives of the staff to reach consensus on a text that would serve the needs of the international civil service in the twenty-first century.

Decision of the Commission

13. After taking into account the views of the Administrative Committee on Coordination, the organizations and the representatives of the staff, the Commission decided to adopt the standards of conduct set out in annex II to the present report. It further decided to recommend them to the General Assembly and to the legislative organs of the other participating organizations.

2. Review of the pay and benefits system

14. In 2000, the International Civil Service Commission adopted the framework for human

resources management, which was subsequently approved by the General Assembly. Within the context of the framework, the Commission decided, at its fifty-second session (July/August 2000), to review, on a priority basis, the pay and benefits system, one of the principal elements of the framework. The framework was conceived as a management tool to enable organizations to manage their resources in a strategic manner and reinforce their capacity for carrying out overall management reform. The review was thus embedded in, and intended to support, the framework, and was linked to the ongoing reform process under way in the organizations.

15. The Commission agreed that alternative approaches to the existing compensation and benefits system should be based on a holistic approach as set out in the framework for human resources management. To improve delivery of services mandated by member States and in line with the principles set out in the framework, a modernized compensation system would:

(a) Reward staff in a competitive and equitable manner, on the basis of merit, competence, responsibility and accountability;

(b) Be designed to motivate and encourage staff to develop skills and competencies and provide opportunities for career advancement;

(c) Be flexible, transparent and administratively simple;

(d) Meet organizations' needs to attract, develop and retain high-quality staff.

16. The Commission had before it a report of its Steering Committee,[4] which was a synthesis of the work of three focus groups[5] established to identify the challenges faced by organizations in the changing international environment and to propose possible approaches. It also had before it a note on the treatment of allowances and other related issues. It heard presentations from organizations on the status of their individual reform programmes and from a member of ICSC on ongoing public management issues in his national civil service. To discuss the report of the Steering Committee and the related focus group reports, the Commission transformed itself into an Open-Ended Working Group of the Whole.

Views of the organizations

17. The ACC representative welcomed the working methods that had been used in this review. These approaches had the advantage of providing organizations with the opportunity to consult widely with their constituencies at the individual organizational level. Wide consultation was crucial if true change was to occur and to be accepted by those who would benefit from the reform.

18. The representative saw the reform of the system that underpinned pay and benefits as intrinsically linked to the framework for human resources management. If the human resources management reforms being undertaken by organizations were to succeed, they must be accompanied by modernization of those systems for which ICSC is the trustee.

19. The review of the system that underpinned pay and benefits was a central feature of the efforts of organizations to reform and modernize overall performance management systems, and indeed, organizational performance itself. Reference to the "system that underpins pay and benefits" rather than the "pay and benefits system" shifted the emphasis away from pay itself and reflected the desire of organizations to change the conceptual basis and structures on which the pay and benefits system was built. In the framework for human resources management, the element of pay and benefits was directly linked to the key areas of concern to the management and staff of the organizations, such as job design, career development and other factors, including the importance of the nature of work, the quality of management and supervision and gaining new skills on the job, which academic research showed were most sought after by employees.

20. Research underscored that piecemeal approaches were no longer valid. Moreover, it confirmed that older management models, in which jobs were viewed as static, without consideration for the linkages and the dynamic relationship between the job and the individual employee, had become obsolete. The concepts and structures that underpinned the system must be updated in an integrated, holistic way. Maintenance of the status quo was not an option. Nor was "tinkering" with the current system: the current system was almost bankrupt since it did not enable organizations to keep up with human resources reforms, despite their best efforts. It was important to

be realistically radical. It was not acceptable to employ the excuse that some systems, such as performance appraisal, were not yet fully developed. They might never be fully developed, as they were ongoing processes and not static systems. Their development would only be slowed down or halted if other vital parts of the framework for human resources management were not modernized.

21. The goals of the current reform laid emphasis on the need, inter alia, to improve organizational performance, to provide competitive conditions that would enable organizations to attract and retain staff of the highest quality and to strengthen management capacity. Over the last several years, organizations have placed ever-increasing focus on management reform, with the introduction, for example, of results-based budgeting, competency frameworks, assessment centres, extensive management development and coaching programmes, new performance appraisal systems and the like. Such reforms now needed the support of a viable system of pay and benefits.

22. Another goal was increased flexibility. However, that must also be viewed within the essential objective of maintaining a core common system, already adhered to through the framework for human resources management and the reaffirmation of the Noblemaire and Flemming principles. Greater flexibility did not mean watering down the common system. Indeed, it could lead to greater cohesiveness and increased confidence in it by staff and the organizations. The new approaches being suggested had not yet been sufficiently developed to reach conclusions. Moreover, such terms as "linked grades" and "broadbanding", which had become somewhat emotive, should be avoided; focus should instead be placed on what organizations wish to achieve. For example, organizations wanted the nature of work to be defined in a broader context, which, in addition to being fair, objective and transparent, would facilitate the focus on the development and empowerment of individuals. Similarly, the system sought was one which would strengthen the management of performance and reward individual contribution and depth of experience, rather than length of service, in a fair and transparent manner and, in the end, lead to better overall management of each organization.

23. Future work must bring in other "players", including the United National Joint Staff Pension Board. At a later stage, the definitions of the categories (for example, Professional, General Service, National Officer) would need to be reviewed; the nature of work and the introduction of new technology had dramatically changed workplaces since the definitions had been established over two decades before. While it was premature to close off any option, it was also important not to become mixed in a debate on how long that process of change would take. It was better to obtain a solid product. The overall design could be completed quite quickly; and it was important to take advantage of that window of opportunity, even if the finer points might take longer. From the outset, the concerns of member States for adequate controls should be effectively built in as an integral part of the design phase.

24. Implementation would require a number of strategic approaches, notably in terms of communication, and would need consultation within each organization. In any case, there is no need for the implementation timetable to be the same for each organization. The executive heads were being kept abreast of developments and remained fully committed to reform in that area. Broad consultation with member States throughout the process would be crucial to the success of the process.

Views of the staff representatives

25. The President of the Federation of International Civil Servants' Associations (FICSA) stated his views on the report of the Steering Committee. Regarding the procedure followed for the work leading up to the report, he recalled that FICSA and the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA) had not participated in the three focus groups.

26. On the issue of ongoing work, he said that, in his view, the conclusions contained in the Steering Committee's report could have been predicted. However, FICSA had no objection to studies that might help to take stock of the situation and demonstrate that the system established by our predecessors was a sound one and that no radical changes were needed. With regard to the goals of the work, he felt that, by outlining three goals: broadbanding, performance-related pay and the establishment of a senior executive service, the Steering Committee had pre-empted a decision by the Commission. He recalled that fundamental values had presided at the establishment of the United Nations system of organizations and said

that FICSA was aware of the goals of the organizations and of the constraints upon them.

27. Finally, he said that those who wished, or were compelled, to propose and sell "revolutionary" solutions were not necessarily the best comparators. The comparators for international civil servants should be comparable entities, such as national civil services and, above all, foreign services.

28. Regarding the treatment of allowances, FICSA could agree with a pragmatic approach provided that: (a) the regular updating procedures were continued; (b) the work on the simplification of certain administrative processes were continued; (c) the decision to postpone certain studies was reviewed, should the study on the pay and benefits system not proceed as planned; and (d) the highest-paid studies under the Noblemaire principle were not unduly delayed.

29. The President of CCISUA spoke also in her capacity as Executive Secretary of the Geneva Staff Coordinating Council and as a staff member of the United Nations Office at Geneva. On behalf of CCISUA, she said that staff members sometimes felt they had been forgotten by the central administration in New York and would like conditions of employment at duty stations other than New York, Geneva and Vienna to be taken into account. As a representative of the Geneva staff, she spoke of the expectations of the staff, who denounced the lack of dialogue and believed that ICSC represented a first step towards such a dialogue in the context of the impending changes.

30. Several of the issues dealt with in the Steering Committee's report were innovative; for that very reason they should be studied thoroughly. The staff representatives fully realized that a system that had been established several decades earlier might not be suited to the challenges of the twenty-first century. CCISUA was open to change, provided that such change was based on real needs as expressed by the staff; the staff, too, had evolved over the years and had gained the experience needed for the work of the Organization.

31. The nature of the Organization was different from corporate culture. Output could not be quantified according to the same criteria. Performance, which was currently measured by the Performance Appraisal System (PAS), was perhaps not dealt with properly. The question might arise with regard to missions or short-term mandates. The staff representatives pointed out that that was probably a sensitive area, subject to allegations of discrimination or favouritism. It was important to establish the necessary transparency and to check that managers had evaluation skills.

32. With respect to the scheduled reviews of allowance methodologies and updates of amounts and levels, she considered that they should proceed as scheduled. However, the individual allowances should be viewed in a broader context, not mainly from a cost perspective. She cited the example of the language incentive, which supported the multicultural dimension of the United Nations common system. She expressed the hope that the current review would not stress costs and savings associated with any particular future recommendations.

Views of the United Nations Joint Staff Pension Board

33. The representative of the United Nations Joint Staff Pension Board indicated that the Board was currently in the process of a fundamental review of the benefit provisions of the Fund. A tripartite working group had been established to make recommendations and submit a final report to the Board in 2002. That Group, composed of representatives of governing bodies, executive heads and participants, is focusing on possible changes to make the United Nations pension system more responsive to the demographics of the work force, the growing number of non-career staff and the personnel policies of the organizations, while maintaining a strong, fully funded and comprehensive, defined benefit pension plan for the common system, providing also appropriate social security coverage. The Board was ready to collaborate with the Commission in the review of the pay and benefits system, in particular on those aspects that had a direct or indirect impact on pensions. He welcomed the Commission's intention to inform the Standing Committee of the Board at its July 2001 session of the need for coordinated action. He was certain that the Standing Committee would receive the information positively and that the collaboration with the Board would be effective and responsive to the needs and concerns of all parties. He noted that, under its normal biennial schedule, the Board would meet in 2002 and 2004. He did not foresee any difficulties in rescheduling the comprehensive review of pensionable remuneration from 2002 to 2004, in time for the session of the Board in 2004. Rescheduling the review

to 2004 might have the advantage of clarifying the impact of recommendations emanating from the overall pay and benefits review, which would be of interest to the Board. He considered, however, that it would be important to continue the biennial review of the common scale of staff assessment in 2002, in accordance with the normal schedule.

Discussion of the Open-Ended Working Group of the Whole

The changing environment: the challenges

34. In the current environment, the scope of global change and the speed with which that change was taking place required reform at both the national and international levels. The challenges faced by the organizations of the common system (in broad terms, the need for competitiveness and improved organizational performance) were not isolated from the outside world and were also being experienced by a number of national administrations. Differences between the public and private sector were no longer as marked as in the past and market concepts were increasingly permeating both national administrations and international organizations. Thus, for reform to succeed, a global vision that met the business needs of organizations and the expectations of member States in governing bodies was required.

35. Changes in the missions and mandates of organizations had led to new requirements in terms of skills and competencies (see para. 41 below). Rapid advances in technology were driving changes in ways of working, which had become less hierarchical and more team-oriented, creating flatter organizational structures. The changing nature of work was impacted also by demographic changes (high retirement levels across organizations and a younger, more mobile workforce with different career expectations), which had generated the need for new working methods. In addition, supply and demand trends in the international labour market were affecting international organizations, resulting in increasing competitiveness among national, international and private sector organizations to recruit the same talented candidates.

36. The changing environment had also led to new requirements for managers. There was a need for managers to be more effective in managing change, to implement new management methods, to be more results-oriented and more accountable. For the most part, modern public management was characterized by decentralization and greater delegation of authority enabling "managers to manage". Many common system organizations were following that pattern by placing increased responsibility and accountability on managers. Organizations needed, therefore, to develop managerial competency frameworks; to develop and strengthen existing staff; and to recruit managers with the requisite profiles. At the same time, managers needed to be empowered with the means (for example, increased delegation of authority) to achieve the expected results.

37. The implementation of work/life policies was an important catalyst in changing organizational culture and mindsets. Experience in both public and private sector organizations showed that staff productivity was enhanced when alternatives, options and the freedom to adapt work demands to personal commitments and interests were provided. Such policies, which facilitated recruitment, retention and mobility, included job-sharing, telecommuting, flexible working hours and spouse employment. Consideration of dual-career families also needed to be taken into account in the context of mobility requirements. Most organizations were currently engaged in becoming "learning" organizations. The goal of integrating learning and development into key components of organizational performance was critical to future success and even survival. Providing time for staff to devote themselves to learning was an investment for the organization and for the staff.

38. The undeniable nature of the challenges that organizations were facing in the light of the changing environment was underscored. The review provided member States, the organizations of the common system and staff with an opportunity, which might not present itself again in the near future, to introduce changes to the pay and benefits system that would modernize the system and link it to overall organizational reform efforts. It noted the impending retirement of a large number of staff throughout the organizations and the emergence of a younger workforce: demographic trends that needed to be addressed. Thus, the need for change was accompanied by a sense of urgency. Organizations should not (and could not afford to) wait until all conditions for change were in place. If they waited for ideal conditions, they risked atrophy. Implied in the recurring references to the need for competencies and ways to measure them,

of team-based approaches to work and of a performance-based system that placed a high value on contribution, was the need and desire of stakeholders to see the results of some positive changes in the immediate future.

Objectives of the review of the pay and benefits system

39. The review is being approached recognizing that the compensation system is a management tool and must be developed in the context of overall organizational strategies. This approach is seen by the organizations, both managers and staff, as a crucial underpinning of overall reform programmes being carried out in most common system organizations: programmes aimed at improving organizational effectiveness by strengthening an independent international civil service. While the Noblemaire and Flemming principles would remain the basis for establishing pay for common system staff, the objective of the review is to design a competitive system that enables organizations to attract, develop and retain high-quality staff, rewards staff on the basis of merit and competence, recognizes team as well as individual performance and simplifies the current system with a view to ease of administration and greater cost-effectiveness. The introduction of more flexibilities would also enable the organizations to implement more effectively and efficiently the mandates of member States. The objectives of the review are described below.

Improved organizational performance: linking remuneration to performance

40. Performance management systems to support a competency-based approach to pay and the introduction of rewards and bonuses require both a strong performance management culture and effective performance evaluation and must be linked to the goals of the organization. It is understood that performance should take into account the quality of the contribution to organizational results. The current remuneration system does not adequately recognize performance, contribution and competencies. To meet current challenges, organizations need to move from a culture of entitlement to a culture of performance. Reflecting the shift that has taken place in the outside world, staff should be rewarded primarily for their performance, as well as their experience; less emphasis should be placed on seniority. Therefore, ways need to be found to closely link the pay system to the organizations' performance management systems in order to better recognize contribution and performance, both individual and team.

41. A competency-based approach would require further development, particularly as regards its use in reforming human resources systems. Competencies can be defined as a cluster of related pieces of knowledge, attitudes and skills that enhance the manner in which staff members perform their functions. Competencies are linked to the goals and objectives of the organization; they are forward-looking and correlate with performance on the job; they can be measured against agreed standards and can be acquired and improved via training and development. A performance management framework should also provide for the assessment of staff development needs. Moreover, in order to enhance overall organizational performance, performance management systems need to provide positive reinforcement and address underperformance.

Strengthened management capacity

42. Another major objective is the creation of a system that strengthens the management capacity of the organizations by fostering managerial excellence, assists organizations in addressing leadership requirements and enables them to attract and retain managers of high quality to assist in driving organizational change and improving organizational performance.

43. As the key drivers of organizational change, managers are expected to be not only substantive experts, but also leaders of people and managers of financial resources, information and change. The existing situation in organizations requires the development of tools and strategies to develop and attract more creative, versatile and multi-skilled managers who are team builders, who are client-oriented, who can think strategically and who are less risk-averse. They are expected to accept increased delegation of responsibility and to be accountable. Management should be recognized as a valued and vitally important function for organizations, a key group with shared interests, goals and challenges. Organizations should provide an enabling environment that involves building trust and confidence. The role of governance is vital in supporting these changes.

Increased flexibility

44. Organizations are seeking greater flexibility in the system to meet rapidly changing needs. For example, the job classification system, which underpins the salary system, is seen as complex, overly rigid and inhibitive of new ways of working. For the organizations, change to the job classification system is essential, requiring at the very least updating to reflect new and emerging occupations, the introduction of competencies, generic job descriptions and/or profiles and the possible streamlining of the current point factor system.

45. It is also important that diversified employment arrangements be flexible in order to respond to organizational needs, bearing in mind the principle of equitable geographical distribution. For example, the changing nature of work drives the need to recruit for skills that may currently be "hot", but could be superseded over a relatively short period by newer and "hotter" skills, and to take into account the aspirations of younger staff seeking United Nations experience rather than a career. The changing employer/employee relationship includes a shift away from a contractual pattern that rewards the employee for loyalty and seniority to one that requires that employees continue to develop the skills needed and apply them in ways that contribute to improved organizational performance. New and different types of employment arrangements, required by the changing environment, could be developed once the compensation and job classification issues have been addressed.

Greater competitivity

46. Organizations need a compensation system that enables them to remain competitive; an adequate base salary for all staff is the starting point. Moreover, there is a need to implement the Noblemaire principle as it was intended and to address the imbalance of the margin at the upper levels of the Professional and higher categories, as repeatedly requested by the General Assembly. Greater competitivity could be also achieved through a system that recognizes individual or team contribution to organizational objectives. However, financial rewards, while important, are not the only motivator; various types of recognition exist. People joining the organizations today are also seeking a challenging work environment and investment in their personal and professional development.

Improved work/life policies

47. Today's workers are often just as attracted by appealing work/life policies, which help to recruit and retain staff, as by compensation. In most organizations, efforts are under way to remake the workplace and replace and update workplace policies designed for another era. These initiatives are aimed at the creation of a respectful and inclusive workplace that is family-friendly and gender-sensitive. To provide the necessary support, organizations should not only provide training and development resources, but should also provide time to pursue learning objectives. Organizations should ensure that flexible working arrangements are in place to meet staff expectations.

Streamlining, simplification, greater transparency and accountability

48. All of the issues discussed above are aimed at increasing simplification, transparency and accountability, which will increase trust and enhance confidence between management and staff. Organizations are already engaged in simplification processes, which should be continued. In seeking to enhance performance, organizations should place particular emphasis on accountability at various levels of management. The development of a new system, as it evolves, should be measured against the yardsticks of greater simplification, transparency and accountability.

New approaches

49. Possible new approaches to the pay and benefits system, approaches that would address the challenges and meet the objectives discussed above were examined. These new approaches relate to:

(a) The updating and streamlining of job classification standards and procedures;

(b) The remuneration system, which includes:

(i) Tools to recognize and reward contribution;

(ii) Mechanisms to strengthen the capacity of management to meet organizational goals and enhance organizational performance and effectiveness.

The job classification system

50. The current job classification system, which was developed more than three decades ago, has its antecedents in the still earlier post-Second World War era when a number of private and public sector organizations first undertook to develop job classification procedures. It no longer reflects the nature of the work of today's performance and technology-driven jobs, which are so radically different from those prevalent in the 1970s. It does not take into account competencies (see para. 41 above), a relatively recent concept, and the staff member's individual contribution. Perhaps most significantly, it is complex, unnecessarily rigid and costly to administer. Thus, irrespective of changes to the pay and benefits resulting from the present review, the job classification system will need to be brought into line with current changes in the nature of work and the modern working environment.

51. Some form of job classification system would remain essential in any revised system to ensure a degree of pay equity based on work measurements and to underpin the compensation system. Moreover, it would continue to be necessary for the purpose of grade equivalency studies with the comparator. The development of generic profiles would simplify the administration of the job classification system, minimize its complexity and reduce costs. A modernized job classification system would make greater use of information technology to reflect the full range of contemporary scientific/technical work, the importance of team work and the value of lateral movement. It would also give managers increased flexibility to identify their work needs, within a specified pay envelope, in line with organizational goals and objectives. Instead of relying on a centralized job classification unit, managers will need the ability to classify posts through the application of modern technology (for example, a computerized system), thereby enhancing efficiency.

The remuneration system

52. Remuneration systems are essential in determining the quality of work accomplished and the efficiency with which organizations operate. The United Nations remuneration system is no exception. The manner in which a pay system compensates for work performed reflects the work values that the organization wishes to promote. As noted above, in recent years, both public and private sector employers, including significant parts of the comparator, have introduced changes in compensation structures designed to promote work values that are aligned with business concepts. In these revised remuneration structures, there is a great deal of commonality between the public and private sectors that would also seem to be relevant in the United Nations context. These commonalities include: (a) more flexibility; (b) less bureaucracy; (c) lower administrative expenses; (d) a de-emphasis on job hierarchy (generally with fewer grades); (e) decentralization; (f) more managerial accountability; (g) wider salary ranges that permit lateral career progression; (h) increased reliance on a team approach to work; and (i) rewarding contribution.

53. These commonalities seem to be applicable to the common system and would need to be studied in the next phase of the review to determine the most relevant approaches for the United Nations common system. Some approaches currently under consideration are outlined below. To date, they have been examined in a preliminary way and further study would be needed in order to determine their appropriateness for the common system together with cost implications.

Tools to reward contribution

54. The primary tool in rewarding contribution is a performance measurement system that is seen to be fair and equitable. Performance measurement and recognition should be based on two elements: a demonstration of competencies and results. These must be closely linked, however, to organizational goals and objectives. In this regard, the results-based performance systems in the organizations would complement the modalities of results-based budgeting systems already in place in many organizations. As noted above, tools to reward contribution could be integrated with other possible new approaches to compensation, such as wider pay ranges and flatter pay structures. Furthermore, rewards could take various forms, including lump-sum payments or payments based on salary adjustments; in either case, these could be pensionable or non-pensionable, monetary or non-monetary. Under any variant, however, it was recognized that once rewards were linked to existing performance measurement systems, some modifications in the systems might be required. These approaches require careful analysis to ensure, inter alia, that cost controls are built in from the outset. Whatever

direction is eventually chosen for the common system as a whole, the organizations' reform programmes, which are in various stages of development, will need to be taken into account. Moreover, their differing needs, mandates, operational imperatives and funding bases will, of necessity, require flexibility at the design and implementation phase.

Strengthening management capacity

55. Many organizations are decentralizing and delegating authority, placing greater responsibility on managers for achieving results. Managers are expected to be not only substantive experts, but also leaders of people, managers of financial resources and key drivers of organizational change. Accordingly, there is a need to build up management capacity by attracting more creative, versatile and multi-skilled managers. The organizations need managers who are client-oriented and team builders, who can think strategically and who are willing to take risks. However, systems in place in many organizations do not adequately support these policy directions. In the current environment, there is a need for tools and strategies to assist this process. Key among these tools is the development of management competency frameworks.

56. The possible establishment of a senior managerial cadre was discussed as a means to improve both individual and system-wide organizational performance, inter alia, by the strengthening of managerial and leadership capacity and the creation of a common management culture. Such a cadre or service would give an increased level of professionalism to a group of staff that are key in determining the success of an organization's goals and objectives. While numerous examples of senior managerial cadres already exist in national civil services, including that of the comparator, the modalities for a service to meet the needs of the common system would require further study.

Related considerations

Treatment of allowances and other related issues

57. In reviewing the scope and scheduling of the continuing work related to the pay and benefits study, a range of items which had their own review cycles or for which the General Assembly had requested specific studies and which form a part of the overall pay and benefits package was considered. These items include: the education grant, dependency allowances, language incentive, mobility and hardship allowance, post adjustment, pensionable remuneration and the studies under the Noblemaire principle to establish the highest-paid national civil service.

58. The synergy between these items and the ongoing pay and benefits review was noted. While the review was continuing, it was important that the current system continue to function. Some items would need to be considered when reviewing, for example, the structure of the salary scale. It was important, therefore, to maintain some flexibility in moving forward with the overall review.

59. With regard to the studies under the Noblemaire principle to identify the highest-paid national civil service, the significant resources needed to conduct the last studies in the mid-1990s were recalled. Given the effort that would be required for the pay and benefits exercise, the Noblemaire studies could be postponed.

Diversity among organizations

60. Implicit in the cross-cutting themes discussed above is a recognition of the differences in the mandates, size and stage of development among the organizations with respect to the implementation of reform efforts. This diversity would, to some degree, affect the extent and pace of change introduced.

The pension scheme

61. A broad range of pension-related issues arose in connection with the above considerations and approaches. The United Nations Joint Staff Pension Board would be consulted, inter alia, with regard to portability, provident funds and retirement age. For example, with respect to managers brought on board for a limited period of time, thought could be given to making available to them that part of the contribution normally made to the Pension Fund and allowing them to make their own pension arrangements outside the system. This could help to attract managers who might wish to serve a United Nations organization for a limited period, rather than for a career. This approach as well as others should be considered, including attention to assignments outside the system. In short, it is important that the pension system be seen as facilitating new types of working and contractual arrangements.

Need for a strategic approach

62. It was evident that no one measure could be introduced in a vacuum and that what was essential was a strategic approach that would be part of an overall organizational change effort emanating from the highest echelons of the organization and supported by managers. These measures should not be seen as ends in themselves, but rather as means to an end, which is to increase overall organizational effectiveness and performance in fulfilling the goals of common system organizations.

Conclusions and decisions of the Commission

63. In conclusion, the Commission noted the work carried out by its open-ended Working Group, which was presented as an interim report. Pending submission of the Commission's report to the General Assembly at its fifty-seventh session, the Assembly is requested to take note of progress to date and the ideas and approaches outlined above which the Commission will further consider and develop.

64. The Commission decided that it would continue with the regular biennial review of: (a) the level of the education grant; (b) the amount of the children's and secondary dependants allowance for the Professional and higher categories; and (c) the common scale of staff assessment. Accordingly, the next review of these items was scheduled for 2002. The Commission further decided that it would follow a pragmatic approach in determining how and when to incorporate the methodological reviews of other relevant items into the pay and benefits review. If there was a need to conduct a specific, urgent review of an item, the Commission would address it as need arose.

3. Contractual arrangements

65. ICSC had considered the matter of contractual arrangements in the past. In the 1980s, the main thrust of its recommendations was to harmonize types of appointments and define what is meant by a career service; other concerns, more strategic in nature, emerged in the 1990s. These concerns were in response to a changing international environment in which it was apparent that staff recruitment and retention was being influenced by external factors, including private sector conditions of employment and remuneration, demographic changes within the organizations and new and different expectations of the younger generations of staff.

66. In 2000, the Commission adopted the integrated framework for human resources management, within which it identified contractual arrangements as a core element, to the extent that the compensation package is common across organizations. The framework emphasized the linkages between types of appointments and three elements of human resources management: the compensation and benefits system, recruitment and retention and career management. It also set out principles for the types of appointments, which emphasized flexibility, and compatibility in the area of compensation and benefits, inter alia, to facilitate inter-organizational mobility.

67. At its fifty-third session (June 2001), the Commission was presented with an analysis of recent employment trends according to the type of contractual arrangement in common system organizations, as well as information on recent developments in employment arrangements in the national civil services of a selected number of countries.

Views of the organizations

68. The representative of ACC welcomed the document, recalling that this element is referred to in the framework for human resources management as: "core, to the extent that the compensation package is common across organizations". The first guiding principle in support of that element reads: "contractual arrangements should be flexible so as to respond to organizational needs". Hence, it was necessary to recall that the determination and usage of contracts is legislated for within each organization's staff rules and regulations to meet their particular requirements and, in some cases, headquarters' or other agreements. For the organizations, the pursuit of the study on contractual arrangements is directly linked to the reform of pay and benefits, as it is clear that there may be different ways of packaging pay according to the particular contractual arrangements under which staff may be serving. Thus, work on this area can only be pursued in conjunction with that on the reform of pay and benefits.

69. Two areas were also worthy of attention in the overall study: first, the question of contractual arrangements for project staff; and second, a more conceptual issue relating to the changing nature of the

work environment and is commonly referred to as "sustainable employability" or "transferable employability" and which must be looked at in the context of contractual arrangements. The concept of sustainable employability encompasses the skills, knowledge and competencies that enhance an employee's ability to secure and retain a job, progress at work and cope with change, including securing another job and entering more easily into the labour market at different periods of the life cycle. Lifelong learning, combined with learning in the workplace, have distinct functions in promoting an individual's employability over a lifetime.

70. The ACC High-level Committee on Management is looking into the manner in which such a concept impacts on the conditions of service of the United Nations system workforce, while preserving the integrity and independence of the international civil service. The Commission would be kept informed of any conclusions reached by the High-level Committee in this respect.

Views of the United Nations Joint Staff Pension Fund

71. The Deputy Chief Executive Officer of the United Nations Joint Staff Pension Fund expressed serious concern and reservation regarding the nature and scope of the possible "new and different" contractual arrangements that might be advanced for staff in the common system. While the Pension Fund agreed that more flexibility in the area of contractual arrangements was desirable, it would need to be within certain limits and an established framework that provided secure conditions of employment, including appropriate pension and social security coverage. The increasing use by some organizations of "appointments of limited duration" offered a measure of flexibility for employers, while also providing the protection of Pension Fund participation. If new, "more flexible" contractual arrangements were to be developed so as to respond to the changing requirements of employing organizations, they would need to be within an overall, standard framework that ensured the continued existence and viability of the international civil service. The key elements of the employment relationship could not become the subject of individualized bargaining with prospective staff, including over mandatory pension coverage. A "two-tier" international civil service, one for career staff and a less secure system for those with short-term or time-limited appointments, was not desirable. The Standards of Conduct for the International Civil Service, which was in its final stages of approval by the Commission, would be applicable to all international civil servants, drawing no distinction whatsoever between long-term and short-term staff and/or internationally or locally recruited staff.

Views of the staff representatives

72. The General-Secretary of FICSA welcomed the opportunity of discussing contractual arrangements, but regretted the fact that the document before ICSC was based upon insufficient information or research and on perceptions rather than facts. This was not to blame the secretariat of the Commission, but to acknowledge the pressures of opinion in the United Nations system. He drew particular attention to two paragraphs in the document, which, in his view, were not a proper basis for consideration of this important topic and which contained several assertions that needed to be checked against the facts. To keep staff members, the organizations must offer stable, not flexible, contractual arrangements. Organizations such as the World Food Programme (WFP) and the Office of the United Nations High Commissioner for Refugees (UNHCR) have moved from time-limited contracts to contracts without indication of a date of termination. The United Nations has proposed the introduction of a continuing contract to replace most fixed-term appointments. There is a section on this in the recently adopted General Assembly resolution on human resources management.

73. The organizations of the United Nations common system must again become model employers. The United Nations cannot promote the Global Compact nor can the ILO promote decent work for all while adopting forms of employment that clearly go against the values that the organizations promote to the outside world and the ideals staff members should feel responsible for contributing to, in accordance with the standards of conduct which the Commission has just adopted. FICSA urged the organizations to go back to the original concepts, namely: (a) contracts without indication of a term, be they called career, permanent, indefinite or continuing, as the basic form of employment relationship; (b) fixed-term contracts for work that is by its nature of limited duration; and (c)

temporary contracts for work that is truly of a temporary nature.

74. The General-Secretary called upon the organizations to stop deviant practices. "Long-term short-term staff" is one. Totally unacceptable are the "when actually employed" contracts, which were used, for instance, in Somalia for work corresponding to full-time employment. Lastly, FICSA wholeheartedly supported the statement made by the representative of UNJSPF.

Discussion by the Commission

75. The Commission welcomed the document, which it considered contained a great deal of useful information. It noted with interest the comparative analysis of employment trends in common system organizations and some national civil services, which helped to orient the discussion. Members considered that the topic was intrinsically linked to the review of the pay and benefits system and should be taken up in that context. They made a number of observations on the data contained in the various tables. A principal observation was that some statements made by the organizations on the evolution of the granting of permanent versus fixed-term contracts was not borne out by the data: while many organizations had maintained that permanent contracts were on the wane, some organizations had in fact increased their use. This example alone illustrated one of the difficulties which the topic presented. Other difficulties centred on nomenclature; it was not always clear what the various contractual descriptions meant. Still another difficulty stemmed from the statistics, which dated to the end of 1998, and which were not as recent as might be expected. In view of the rapidly changing environment, the picture with respect to more recent data might be very different. The Commission recognized that obtaining more recent data from the organizations had posed difficulties and expressed the hope that the organizations would be able to provide more relevant information by the time it next considered the matter.

76. The Commission discussed the philosophy underlying permanent contracts and their place in the United Nations system of organizations. It was noted that the decisions regarding employment contracts taken by the Administrative Tribunals should be considered during the review of contractual arrangements. Some members expressed the view that if permanent contracts were to disappear altogether, it could raise ethical considerations, casting doubt on the principles and objectives of the Charter of the United Nations, which called for an allegiance to international ideals and a common esprit de corps. On the other hand, it was understood that in today's world, mandates and missions are not eternal and that different contractual arrangements are required to respond to different circumstances. In reality, the nature of the activity determines the nature of the contract. Thus, while it was recognized that organizations, for many reasons, could no longer grant permanent contracts to the majority of staff, it was nevertheless necessary to ensure that there was a cadre of long-serving staff in every organization to help fulfil the ideals of the Charter and contribute significantly to their institutional memory. In this context, the Commission underscored that, while career staff would remain the backbone of the system, a careful balance should be maintained between career and non-career staff.

77. For the next stage of work in this area, the Commission considered that it would be important to make a more complete inventory of the various types of contracts in use in the organizations and, if possible, provide data on the numbers of staff against those contracts. An attempt should be made to rationalize the nomenclature, as present descriptions were somewhat confusing. It would also be useful to obtain information on the administrative policies of the organizations and of selected national civil services with respect to career versus time-limited appointments. The final objective would be to provide organizations with a catalogue of contractual arrangements that would be flexible and would offer a degree of autonomy. Thought would also need to be given to establishing in that context conditions for separation; any relevant Administrative Tribunal decisions thereon would be taken into account in the further consideration of this matter (see para. 76 above).

Decisions of the Commission

78. The Commission decided that future work on the subject of contractual arrangements should be integrated into the review of the pay and benefits system. It requested its secretariat:

(a) To update the statistics contained in the present study;

(b) To take further inventory of both the various types of contracts in current use and, if possible, the numbers of staff against each type, together with better descriptions of the various types of appointment;

(c) To collect information on the administrative policies of the organizations and of selected national civil services on career versus time-limited appointments;

(d) To propose, as soon as feasible, a catalogue of contracts from which organizations could select and adapt according to their specific needs.

B. Introduction of the euro

79. Under the 1992 Maastricht Treaty of European Union, on 1 January 1999, the euro became the official currency of the participating member States of the European Union, replacing their national currencies. Exchange rates of the national currencies of the euro-zone States were irrevocably fixed vis-à-vis the euro. Although national banknotes and coins have not yet been replaced, banking became possible both in euros and in the national currency. On 1 January 2002, when euro notes and coins are launched into circulation, the final changeover to the euro will begin. The euro will replace notes and coins in national currencies, which will be withdrawn after a short dual circulation period, by 28 February 2002 at the latest. From then on the national currencies of the participating countries will no longer be valid for everyday use and the euro will become their sole legal currency.

80. The advent of the euro will have a direct effect on the United Nations common system wherever euro-zone payments are made, planned or recorded. In order to ensure a smooth and orderly transition to the euro, a number of changes will be, or have already been, introduced by the organizations in various areas, such as budgeting, accounting, payroll and procurement. Although these areas fall almost exclusively within the administrative responsibility of the organizations concerned, some issues require the attention of the Commission so that a consistent approach may be adopted.

Views of the organizations

81. The representative of ACC anticipated that, as the countries of the European Union moved out of different currency rates, staff members not familiar with the methodologies and rationale for setting these rates would have difficulty understanding why, for example, the children's allowance for those serving in France is 1,730 euros; whereas, for those serving in a neighbouring country it is 2,321 euros. That these rates were at different levels was well known, but it would be necessary for organizations to have very clear explanations available for staff. To this end, the representative proposed that the two secretariats collaborated in the preparation of explanatory texts, which could be provided to staff at large and put on the respective web sites. He also noted that, at a later stage in the review of the pay and benefits system, the need to revise the methodologies underlying these allowances might arise.

Views of the United Nations Joint Staff Pension Fund

82. The Deputy Chief Executive Officer of the Pension Fund noted that the Fund provided a large number of pension benefits in the euro-zone countries. It also had a large number of active participants in the General Service and related categories, whose salary scales were established in the national currencies covered by the euro, with pensionable remuneration being the dollar equivalent of the gross pensionable salary and any pensionable allowances. The Fund fully agreed with the proposal to use the euro rather than the national currencies to set emoluments, as from 1 January 2002.

Views of the staff representatives

83. The representative of FICSA took note of the document prepared by the ICSC secretariat.

Discussion by the Commission

84. The Commission noted some of the common system emoluments (such as education grant levels, children's and secondary dependant's allowances for the Professional and higher categories, General Service salary scales for Vienna, Rome and Paris, daily subsistence allowance (DSA) rates) were recommended or set by it in national currencies of the euro-zone countries. Their conversion to euros did not present any technical problem because of the detailed conversion protocol, which was promulgated by the European Council and consistently applied ever since the introduction of the transition period by all parties, including the common system organizations. The Commission noted, however, that as the United Nations

system emoluments were set in whole currency units, the official national currency amounts of some of the common system emoluments and their euro equivalents rounded to the nearest euro could be slightly different.

85. The Commission recalled that every two years it reviews the levels of the education grant and the children's and secondary dependant's allowances for staff in the Professional and higher categories. The last review of these allowances took place in 2000. At that time the relevant levels of these allowances were expressed in the national currency of each corresponding currency area. To take into account the introduction of the euro in January 2002, these national currency amounts require conversion to euro amounts. To ensure consistent results, the Commission considered a uniform procedure that resulted in education grant amounts and children's and secondary dependant's allowances expressed in euros.

Decisions of the Commission

86. The Commission decided to recommend:

(a) To the General Assembly and/or organizations that, as of 1 January 2002, the euro should be used as the official currency for those emoluments that are currently set in the national currencies of the 12 euro-zone countries. The national currency amounts would be converted by applying the respective fixed conversion rates and then rounded up or down to the nearest euro;

(b) To the General Assembly the converted values of the education grant for 9 currency areas (see annex III) and of the children's and secondary dependant's allowances for nine locations (see annex IV) which will change over to the euro as of 1 January 2002;

(c) That organizations officially convert into euros, where applicable, their respective General Service salary scales and allowances as of 1 January 2002 on the basis of the approach referred to in paragraph (a) above.

Chapter IV
Conditions of service of the Professional and higher categories

A. Base/floor salary scale

87. The concept of the base/floor salary scale was introduced with effect from 1 July 1990 by the General Assembly in section I.H of its resolution 44/198 of 21 December 1989. The scale is set by reference to the General Schedule salary scale of the comparator civil service in Washington, D.C. Periodic adjustments are made on the basis of a comparison of net base salaries of United Nations officials at the mid-point of the scale (P-4, step VI, at the dependency rate) with the corresponding salaries of their counterparts in the United States federal civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent respectively).

88. The Commission was informed that, in view of the movement of the federal civil service salaries in the United States of America as of 1 January 2001 (in Washington, D.C.), an adjustment of the United Nations common system's scale of 3.87 per cent would be necessary in 2002 in order to maintain the base/floor scale in line with the comparator's scale.

Views of the organizations

89. ACC supported the proposal for an adjustment of 3.87 per cent in the base/floor salary scale effective 1 March 2002, on a no-loss/no-gain basis, by consolidating 3.87 per cent of post adjustment into the scale.

Views of the staff representatives

90. The representative of FICSA noted that there was a 14-month delay between the effective date of the increase in the General Schedule of the United States federal civil service and the implementation of the adjustment in the base/floor salary scale by the United Nations common system. He considered that administrative procedures should be established to address the delay, for example by requesting the General Assembly to approve the scale between its regular sessions.

Discussion by the Commission

91. The Commission noted that the comparator's General Schedule salary scale for Washington, D.C. had been increased as of 1 January 2001 by 3.81 per cent on a gross basis. That increase, combined with the effect of tax changes, had resulted in a net increase of 3.87 per cent at the P-4 level, step VI. The Commission noted that the adjustment in the base/floor salary scale would be effected through the use of the standard method of consolidating post adjustment multiplier points on a no-loss/no-gain basis.

92. The Commission further noted that the issue of the adjustment of the staff assessment rates to address imbalances in the Tax Equalization Fund had been discussed with representatives of the United Nations Secretariat, who had indicated that no adjustment was necessary. As a consequence, no change in the staff assessment rates would be required.

93. Adjustment of the base/floor salary scale on 1 March 2002 by 3.87 per cent, through the usual method, would have the following estimated annual financial implications:

		United States dollars
(a)	For duty stations with post adjustment that would otherwise fall below the level of the new base floor	5 560 000
(b)	In respect of mobility/hardship allowance	2 790 000
(c)	In respect of the scale of separation payments	635 000
	Total annual financial implications	**8 985 000**

Since the revised scale was proposed to be implemented effective 1 March 2002, the financial implications for the 10 months of 2002 were estimated at $7,487,500.

94. The Commission took note of the financial implications at those duty stations where the existing post adjustment was less than the amount consolidated into the base/floor salary. It considered that real salary increases (i.e. higher than inflation rates) of the comparator in recent years, together with the strength of the United States dollar, had contributed to the current situation. While the situation could change in the future, it considered that the methodological issues should be reviewed in the context of the pay and benefits review.

95. Some members felt that, when the level of the base/floor salary scale was reviewed, it should be examined to determine the degree to which purchasing power parity was achieved.

96. The Commission noted that, as a result of the proposed adjustment of the base/floor salary scale, staff in certain countries with no or very low post adjustment would receive a real salary increase. While the concept of negative post adjustment could be re-introduced to ensure purchasing power equity in its strictest sense at all duty stations, the Commission recalled the past problems in that regard, problems which had led to the abolishment of the negative post adjustment system. Furthermore, this also was an issue that would be best addressed under the pay and benefits review.

Decision of the Commission

97. The Commission decided to recommend to the General Assembly that the current base/floor salary scale for the Professional and higher categories should be increased by 3.87 per cent through standard consolidation procedures, on a no-loss/no-gain basis, with effect from 1 March 2002. The proposed base/floor salary scale and associated staff assessment scale are shown in annexes V and VI to the present report.

B. Evolution of the United Nations/ United States net remuneration margin

98. Under a standing mandate from the General Assembly, ICSC continued to review the relationship between the net remuneration of the United Nations staff in the Professional and higher categories in New York and that of the United States federal civil service employees in comparable positions in Washington, D.C. (hereinafter referred to as the "margin").

99. The Commission was informed that the net remuneration margin for 2001 was estimated at 112.2 on the basis of the approved methodology and the current grade equivalencies between United Nations and United States officials in comparable positions.

Views of the organizations

100. The representative of ACC took note of the margin forecast for 2001. The Committee noted once again with concern the low levels of margins at the higher levels of the salary range, especially at the D-1 and D-2 levels, which were at 105.3.

Views of the staff representatives

101. The representative of FICSA noted that the salaries of United Nations common system staff at several duty stations, for instance in Montreal, at P-4/P-5 levels were well below those at equivalent levels of the comparator in Washington, D.C. He recognized that this finding did not account for cost-of-living differences; nevertheless, he considered that this analysis illustrated the problem in recruiting suitable candidates from the United States and other countries. He repeated his call for a real salary increase for staff in the Professional and higher categories.

Discussion by the Commission

102. The Commission recalled that it had informed the General Assembly in the past that the adjustment of federal employees' salaries was based on the comparator's Federal Employees' Pay Comparability Act (FEPCA) of 1990. That legislation was designed to close the existing pay gap between public and non-public sector salaries, on a gradual basis by 2002. The Commission noted that, according to a number of recent studies, the failure to fully implement that Act as originally intended had affected the United States Government's ability to recruit and retain employees. Currently, military pay levels were 10 per cent higher than civilian pay levels. There was a 32 per cent pay gap on average between the public and non-public sectors. The Commission noted that the United States Administration had cited current economic conditions and budgetary considerations in submitting an alternative pay increase for 2001, in place of the one required under full implementation of the Pay Comparability Act. The actual year-to-year (2001 over 2000) gross increase for Washington, D.C., taking into account both the employment cost index and locality pay adjustment, was 3.81 per cent (3.87 per cent net) effective 1 January 2001.

103. The Commission noted that the level of the margin reported to it did not include the effect of recent tax changes introduced with retroactive effect by the United States Administration. The Commission further noted that once full details of the tax changes were known and taken into account in the calculation of the margin, it was expected that the margin could decrease significantly. The Commission expected that a revised margin, based on the tax changes, would be reported to the General Assembly.

104. The Commission noted that members of the United States Congress representing Washington-area districts populated by large numbers of federal workers had indicated that, in the budgetary negotiation process, they would urge a 4.6 per cent raise for federal civil service employees in 2002. This would reflect the increase which the United States Administration intended to grant to military personnel. The United States Administration's budget proposal for 2002 included an increase for federal civil service employees. If the federal pay formula for civil service employees were to be followed, the across-the-board increase would amount to 3.6 per cent, excluding locality pay, for 2002.

105. The Commission noted the relationship between United States salaries reported for margin calculation purposes and those used for the base floor calculation. For margin purposes, the actual salaries of incumbents in comparable jobs found in the General Schedule (GS), Senior Executive Service (SES) and in a number of special pay systems at levels in Washington, D.C. equivalent to United Nations levels P-1 to D-2 were used on the United States side. For calculating the base/floor salary scale, a comparison is made between the net base salaries of United Nations officials at the mid-point of the scale (P-4, step VI, at the dependency rate) and the corresponding salaries of their counterparts in the United States federal civil service, those at step 6 in grades GS-13 and GS-14. Unlike the margin calculations, other levels within the GS, SES and special pay systems are not included in the base/floor calculation.

106. The Commission noted that, on the basis of the approved methodology and the available information as at the end of April 2001, the net remuneration margin for 2001 was estimated at 112.2.

Decisions of the Commission

107. The Commission decided to take note of the margin forecast of 112.2 between the net remuneration of the United Nations staff in grades P-1 to D-2 in New

York and that of the United States federal civil service in Washington, D.C. for the period from 1 January to 31 December 2001. Details of the margin calculations are contained in annex VII to the present report.

C. Post adjustment matters

Cost-of-living surveys at headquarters duty stations, Berne and Washington, D.C.

108. In operating the post adjustment system, comprehensive place-to-place surveys are conducted periodically at all duty stations. As part of the normal cycle of such surveys, place-to-place surveys were conducted by the Commission in Berne, Geneva, London, Montreal, Paris, Rome, Vienna and Washington, D.C., in September and October 2000. A price collection exercise at New York, the base of the post adjustment system, was carried out in June and September 2000. Documentation dealing with the surveys was examined by the Advisory Committee on Post Adjustment Questions (ACPAQ) at its March 2001 session and the Committee's recommendations regarding the results of the surveys were considered by the Commission.

109. The Commission examined the reasons for the increases in post adjustment that had taken place at all headquarters duty stations where place-to-place surveys had been conducted and it concluded that it was not possible to isolate any single cause. A number of factors combined could have contributed to the changes. During the five-year period between place-to-place price comparison surveys, the duty station post adjustment is updated using the national consumer price index (CPI). Only at the time of the pricing survey are the duty station prices rebased against New York prices. The application of the CPI could not therefore, over an extended period of time, be expected to produce results perfectly consistent with those of the post adjustment system. Refinements introduced in the pricing exercise could have had some effect on the results. The high response rate of staff in these surveys had resulted in more reliable expenditure weighting patterns, which could also have affected the results.

110. The estimated financial implications based on the implementation of the survey results effective 1 July 2001 was 15 million United States dollars. This estimate could vary significantly, up or down, depending on the exchange rate movement of the United States dollar.

111. Some members expressed their concern over the financial impact of the increases in post adjustment on the budgets of the organizations at the affected duty stations.

112. The Commission decided:

(a) To approve the results of the 2000 place-to-place surveys for the above-mentioned duty stations, as shown below;

(b) That the Geneva post adjustment index (PAI) should continue to be applied to Berne;

(c) That the 2000 survey results for Geneva, London, Montreal, Paris, Rome, Vienna and Washington, D.C., should be taken into account in determining their respective post adjustment classifications from 1 July 2001.

Chapter V
Conditions of service of the General Service and other locally recruited staff

113. It was recalled that the Commission had reviewed the methodologies for surveys of best prevailing conditions of employment at headquarters and non-headquarters duty stations in 1997. The findings of the Commission regarding the current application of the Flemming principle and the changes introduced, inter alia, in the headquarters methodology had been reported to the General Assembly in the twenty-third annual report of the Commission.[6] The General Assembly, in section II, paragraph 2, of its resolution 52/216 of 22 December 1997, endorsed the conclusions of the Commission on the refinements and modifications to the methodologies.

A. Survey of best prevailing conditions of employment in Rome

114. On the basis of the revised methodology, the Commission conducted a survey of best prevailing conditions of service for the General Service and other locally recruited categories of staff in Rome with a reference date of November 2000. The salary scale for staff in the General Service and other locally recruited

Summary of the results of the 2000 cost-of-living comparisons between New York and Geneva, London, Montreal, Paris, Rome, Vienna and Washington, D.C.

Duty station	*Date of survey (2000)*	*Exchange rate*	*Existing PAI**	*Existing multiplier*	*Walsh Index*	*New PAI*	*PAI change (%)*	*Classification change (%)*
Geneva	September	1.74	122.14	24.2	88.17	129.03	5.6	3.9
London	September	0.69	130.12	27.6	93.22	136.43	4.9	6.9
Montreal	September	1.48	108.01	7.6	81.45	119.20	10.4	10.8
Paris	September	7.35328	109.7	9.0	80.54	117.88	7.5	8.1
Rome	October	2 186.05	97.8	0.0	76.63	112.15	14.7	12.1
Vienna	October	15.5354	108.37	7.4	80.42	117.85	8.7	9.7
Washington, D.C.	October	1.00	118.07	16.8	86.48	126.57	7.2	8.4

* PAI — post adjustment index.

categories of the organizations of the common system in Rome, recommended by the Commission to the Director-General of the Food and Agriculture Organization of the United Nations (FAO), is reproduced in annex VIII to the present report. The Commission also recommended revised amounts of dependency allowances, determined on the basis of tax abatements provided by the Government of Italy and supplementary payments provided by surveyed employers.

115. One of the requirements of the revised methodology was that the public/non-profit sector, including the national civil service, should be represented by at least 25 per cent of the retained employers. In the Rome survey, of the 21 employers whose data were used for the determination of the scale recommended by the Commission, 12, or 58 per cent, were from that sector. Five of the employers in the public sector were public administration employers.

116. In reviewing the representation of employers by sector of economic activity, the Commission noted that four Italian public administration institutions were included under the public sector. A question was raised as to whether the four institutions were truly representative of the national civil service. The Commission was informed by its secretariat that this question had been raised with those employers and that they had responded in the affirmative. It was noted in this regard that the employers in question represented best prevailing conditions as provided under the Flemming principle. The Commission further noted, when taking into account employers identified under the parastatal and private sectors, the over-representation of employers involved in financial activities. A view was expressed that the financial sector employers should have been supplemented by an agricultural institution so as to reflect the FAO field of work. It was explained that on the basis of the Flemming principle the comparison was based on job equivalencies, not on a direct correspondence with organizational mandate.

117. In previous Rome surveys an adjustment of 4 per cent had been included to reflect differences in language requirements between the Rome-based organizations and the surveyed employers (except for those employers with language requirements similar to the Rome-based organizations). When it revised the methodology in 1992 and 1997, the Commission decided to discontinue the inclusion of a language factor at duty stations (Rome and Vienna) where the local language was not one of the working languages of the organizations. The Commission further decided that, should the decision lead to a salary freeze, it would consider a phased approach to the discontinuation of the language factor. The revised methodology was applied to the November 1994 survey of General Service staff in Rome and the April 1996 survey in Vienna.

118. Staff of the organizations at both locations challenged the phasing out of the language factor before the ILO Administrative Tribunal. The Tribunal decided in judgements 1713 and 1915 on the decision of the Commission to phase out the language factor in Rome and Vienna, respectively.

119. At its fifty-first session, the Commission considered the judgements of the ILO Tribunal and noted that, according to those judgements, the manner of applying the Flemming principle did not turn on variables such as the desire of staff to keep their jobs or the ease or difficulty of finding good local recruits. What the Flemming principle envisaged was that General Service staff should have pay and other terms of employment that matched "the best on offer at the local duty station". The Tribunal stated that it was correct to adjust pay by a language factor when jobs that did not require proficiency in a second language were matched with jobs that did. But it was wrong to adjust pay when the matching was with outside posts that required proficiency in a second language and that requirement was not compensated.

120. The Commission noted that the Tribunal's judgements were not contradictory and were in fact consistent. The main difference between the two surveys, which were challenged, was that at the time of the Vienna survey outside employers had been asked whether they paid a bonus to their staff who were required to work in a language other than the local language; during the Rome 1994 survey that question had not been asked. In Vienna, employees outside the common system were required to work in a language other than German but did not receive additional compensation for it. The Tribunal, therefore, concluded that in the case of Vienna the Flemming principle was correctly applied. All relevant local conditions were taken into account. Regarding the Rome survey the Commission noted that the Tribunal had found that, since information had not been methodically collected on the general payment of language bonuses, it would have been "reasonable" to retain a small adjustment to account for that fact.

121. The Commission recalled that during the 1994 Rome and 1996 Vienna surveys it had matched comparable jobs. The focus of the job matching had been on duties and responsibilities, not on languages. However, in the light of the two judgements, the Commission decided that, during future surveys at those duty stations, not only should duties be matched but also that, for each job, the question should be posed whether the outside employees were required to work in a working language of the organizations and, if so, whether any payments were made to compensate for that. If any payments were made, they should be appropriately reflected in the pay scale established by the survey.

122. During the data collection phase of the current Rome survey, a questionnaire was used that referred to the use of a language other than Italian by outside employers. If outside employers required the use of a language other than Italian, they were requested to indicate whether employees were compensated for the use of that language. Of the 21 employers retained, two had language requirements similar to the Rome-based organizations; they did not offer extra payment for the use of a language other than Italian by their employees. The 19 other employers retained required their staff to work in Italian only; knowledge of a language other than Italian was not an essential requirement. The Commission concluded that data collected during the survey clearly showed that employers requiring their employees to work in a language other than Italian did not compensate for it.

123. The Commission examined the findings of the survey with interest and recalled that the rationale for its decision in 1992 to abolish the language factor was that the knowledge of one of the working languages of the organizations was considered an essential, not an additional, qualification. A basic requirement for any job within an organization was oral and written fluency in at least one of the working languages; such knowledge was not to be misconstrued as an additional qualification requiring a separate payment. Furthermore, the Commission noted that staff of the Rome-based organizations, as well as employees in the local market, were usually required to work in one language only, that is, in Italian in the local market and in English at the Rome-based organizations. For some staff at Rome-based organizations, the required language might be their mother tongue; for others it might be a foreign language. There was for instance a large number of staff in the General Service category at FAO who had English as their mother tongue or had acquired English as a part of their formal education. To compensate those working in their mother tongue by a "language factor" would not seem justified. The Commission recalled that the use of additional languages was compensated separately under the relevant FAO staff rules.

124. The Commission also considered that during the job matching part of the survey it was important to find outside jobs with duties and responsibilities similar to those of the common system. That the secretary of an

outside employer worked in Italian only and the secretary of the Rome-based organization worked in English only was irrelevant; what mattered was that both worked in one language only. Therefore, it was valid to match jobs with the majority of the outside employers who required their staff to work in Italian only, as that would be comparing like with like. In this regard, the Commission observed that the ILO Administrative Tribunal, in its judgement 1915, stated that it was not necessary to achieve a perfect match between outside jobs and those in the common system, but that there must be sufficient similarity between the jobs. The Commission therefore decided, based on the results of the survey, to reaffirm its decision to abolish the language factor.

125. As may be noted from the salary scale of Rome-based staff shown in the annex, the annual net salary at the highest point in the scale, GS-7/step 12, is 110,613,000 lire per annum, or US$ 48,952 at the June 2001 exchange rate of 2,259.63 Italian lire = US$ 1.00. This amount is the same as the net remuneration (net base salary plus post adjustment) of single staff members at the P-3/step 3 level as at 1 June 2001. The Commission considered that such overlap was not a cause for concern.

126. The salary scale for the staff of the Rome-based organizations shown in annex VIII was on average 4.25 per cent higher than the current scale. In addition to recommending a new salary scale, the Commission also recommended revised rates for dependency allowances. The total estimated cost of the Commission's recommendations was US$ 1,900,000 per year.

B. Survey of best prevailing conditions of employment in New York (Trades and Crafts category)

127. Under the authority delegated to him by the Commission, the Chairman approved the results of the survey of best prevailing conditions of employment for staff in the Trades and Crafts category in New York. The salary scale for this category of staff based on a 3.78 per cent increase resulting from the survey is contained in annex IX to the present report. The financial implications were estimated at US$ 340,000 per annum.

C. Survey of best prevailing conditions of employment in New York (Language Teachers category)

128. Under article 12, paragraph 1, of its statute, the Commission completed the survey of best prevailing conditions of service for the United Nations language teaching staff in New York. The survey resulted in a 5.8 per cent increase for that category of staff. The salary scale recommended by the Commission is contained in annex X to the present report. The total estimated cost of the Commission's recommendation was US$ 60,000 per year.

Notes

[1] ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, IAEA and UNIDO.

[2] IFAD.

[3] See *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 30* (A/55/30), para. 7.

[4] See *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 30* (A/55/30), annex III, paras. 5-6.

[5] Ibid., paras. 7-12.

[6] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 30* (A/52/30), paras. 103-131, and annexes XVI and XVII.

Annex I

Programme of work for 2002

Fifty-fourth session

1. Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system.

2. Framework for Human Resources Management:

   (a) Review of the pay and benefits system;

   (b) Contractual arrangements;

   (c) Mobility.

3. Conditions of service of the General Service and other locally recruited staff: survey of the best prevailing conditions of employment at:

   (a) Geneva;

   (b) London;

   (c) Vienna.

4. Conditions of service of the Professional and higher categories:

   (a) Base/floor salary scale;

   (b) Evolution of the United Nations/United States net remuneration margin;

   (c) Review of the level of the education grant;

   (d) Review of the level of children's and secondary dependant's allowances.

5. Implementation by organizations of decisions and recommendations of the International Civil Service Commission.

6. Common scale of staff assessment.

7. Hazard pay.

8. Gender balance.

9. Mission subsistence allowance.

Annex II

Standards of conduct for the international civil service

1. The United Nations and the specialized agencies embody the highest aspirations of the peoples of the world. Their aim is to save succeeding generations from the scourge of war and to enable every man, woman and child to live in dignity and freedom.

2. The international civil service bears responsibility for translating these ideals into reality. It relies on the great traditions of public administration that have grown up in member States: competence, integrity, impartiality, independence and discretion. But over and above this, international civil servants have a special calling: to serve the ideals of peace, of respect for fundamental rights, of economic and social progress, and of international cooperation. It is therefore incumbent on international civil servants to adhere to the highest standards of conduct; for, ultimately, it is the international civil service that will enable the United Nations system to bring about a just and peaceful world.

Guiding principles

3. The values that are enshrined in the United Nations organizations must also be those that guide international civil servants in all their actions: fundamental human rights, social justice, the dignity and worth of the human person and respect for the equal rights of men and women and of nations great and small.

4. International civil servants should share the vision of their organizations. It is loyalty to this vision that ensures the integrity and international outlook of international civil servants; it guarantees that they will place the interests of their organization above their own and use its resources in a responsible manner.

5. The concept of integrity enshrined in the Charter of the United Nations embraces all aspects of behaviour of an international civil servant, including such qualities as honesty, truthfulness, impartiality and incorruptibility. These qualities are as basic as those of competence and efficiency, also enshrined in the Charter.

6. Tolerance and understanding are basic human values. They are essential for international civil servants, who must respect all persons equally, without any distinction whatsoever. This respect fosters a climate and a working environment sensitive to the needs of all. To achieve this in a multicultural setting calls for a positive affirmation going well beyond passive acceptance.

7. International loyalty means loyalty to the whole United Nations system and not only to the organization for which one works; international civil servants have an obligation to understand and exemplify this wider loyalty. The need for a cooperative and understanding attitude towards international civil servants of other United Nations organizations is obviously most important where international civil servants of several organizations are serving in the same country or region.

8. If the impartiality of the international civil service is to be maintained, international civil servants must remain independent of any authority outside their organization; their conduct must reflect that independence. In keeping with their oath of office, they should not seek nor should they accept instructions from any Government, person or entity external to the organization. It cannot be too strongly stressed that international civil servants are not, in any sense, representatives of Governments or other entities, nor are they proponents of their policies. This applies equally to those on secondment from Governments and to those whose services have been made available from elsewhere. International civil servants should be constantly aware that through their allegiance to the Charter and the corresponding instruments of each organization, member States and their representatives are committed to respect this independent status.

9. Impartiality implies tolerance and restraint, particularly in dealing with political or religious convictions. While their personal views remain inviolate, international civil servants do not have the freedom of private persons to take sides or to express their convictions publicly on controversial matters, either individually or as members of a group. This can mean that, in certain situations, personal views should only be expressed with tact and discretion.

10. This does not mean that international civil servants have to give up their personal political views or national perspectives. It does mean, however, that

they must at all times maintain a broad international outlook and an understanding of the international community as a whole.

11. The independence of the international civil service does not conflict with, or obscure, the fact that it is the member States that collectively make up (in some cases with other constituents) the organization. Conduct that furthers good relations with individual member States and that contributes to their trust and confidence in the secretariat strengthens the organization and promotes its interest.

12. International civil servants who are responsible for projects in particular countries or regions may be called upon to exercise special care in maintaining their independence. At times they might receive instructions from the host country but this should not compromise their independence. If at any time they consider that such instructions threaten their independence, they must consult their supervisors.

13. An international outlook stems from an understanding of and loyalty to the objectives and purposes of the international organization itself as set forth in its legal instruments. It implies, inter alia, respect for the right of others to hold different points of view and follow different cultural patterns. It requires a willingness to work without bias with persons of all nationalities, religions and cultures; it calls for constant sensitivity to how proposals, events and statements may look to others. It requires punctilious avoidance of any expressions that could be interpreted as biased or intolerant. Working methods can be different in different cultures. International civil servants should not be wedded to the attitudes, working methods or work habits of their own country or region.

14. Freedom from discrimination is a basic human right. International civil servants are expected to respect the dignity, worth and equality of all people without any distinction whatsoever. Assumptions based on stereotypes must be assiduously avoided. One of the main tenets of the Charter is the equality of men and women, and organizations should therefore do their utmost to promote gender equality.

Working relations

15. Managers and supervisors are in positions of leadership and it is their responsibility to ensure a harmonious workplace based on mutual respect; they should be open to all views and opinions and make sure that the merits of staff are properly recognized. They need to provide support to them; this is particularly important when they are subject to criticism arising from the carrying out of their duties. Managers are also responsible for guiding and motivating their staff and promoting their development.

16. It is natural for managers to be seen as role models and they have therefore a special obligation to uphold the highest standards of conduct. It would be quite improper for them to solicit favours, gifts or loans from their staff; they must act impartially, without intimidation and favouritism. In matters relating to the appointment or career of others, no international civil servant should try to influence colleagues for personal reasons.

17. It is naturally incumbent on managers and supervisors to communicate effectively with their staff and share information with them. International civil servants have a reciprocal responsibility to provide all pertinent facts and information to their supervisors and to abide by and defend any decisions taken, even when these do not accord with their personal views.

18. International civil servants have to follow the instructions they receive in connection with their official functions and if they have doubts as to whether an instruction is consistent with the Charter or any other constitutional instrument, decisions of the governing bodies or administrative rules and regulations, they should first consult their supervisors. If they cannot agree, the international civil servant may ask for written instructions. These may be challenged through the proper institutional mechanisms, but any challenge should not delay carrying out the instruction. International civil servants may also record their views in official files. They should not follow verbal or written instructions that are manifestly inconsistent with their official functions or that threaten their safety or that of others.

19. It must be the duty of international civil servants to report any breach of the organization's rules and regulations to a higher level official, whose responsibility it is to take appropriate action. An international civil servant who makes such a report in good faith has the right to be protected against reprisals or sanctions.

Harassment

20. Harassment in any shape or form is an affront to human dignity and international civil servants must avoid it. They should not engage in any form of harassment and must be above any suspicion of it. International civil servants have the right to an environment free of harassment. It is the responsibility of organizations to explain their interpretation of the term and to establish rules and provide guidance on what constitutes harassment and how it will be dealt with.

Conflict of interest

21. It can happen that international civil servants are confronted with a question entailing a conflict of interest; such questions can be very sensitive and need to be treated with care. Conflict of interest includes circumstances in which international civil servants, directly or indirectly, would appear to benefit improperly, or allow a third party to benefit improperly, from their association in the management or the holding of a financial interest in an enterprise that engages in any business or transaction with the organization.

22. There can be no question but that international civil servants should avoid assisting private bodies or persons in their dealings with their organization where this might lead to actual or perceived preferential treatment. This is particularly important in procurement matters or when negotiating prospective employment. At times, international civil servants may be required to disclose certain personal assets if this is necessary to enable their organizations to make sure that there is no conflict. They should also voluntarily disclose in advance possible conflicts of interest that arise in the course of carrying out their duties. They should perform their official duties and conduct their private affairs in a manner that preserves and enhances public confidence in their own integrity and that of their organization.

Role of the secretariat

23. International organizations are constituted by member States, and their secretariats have the responsibility for providing services to them. The main function of the secretariat is to assist legislative bodies in their work and to carry out their decisions. The executive head is responsible for directing and controlling the work of the secretariat. Accordingly, when submitting proposals or advocating positions before a legislative body or committee, international civil servants are presenting the position of the executive head, not that of an individual or unit.

24. In providing services to a legislative or representative body, it goes without saying that international civil servants should serve only the interests of the organization. It would not be appropriate for international civil servants to prepare for government or other international civil service representatives any speeches, arguments or proposals on questions under discussion. It could, however, be quite appropriate to provide factual information, technical advice or assistance with such tasks as the preparation of draft resolutions.

25. It is entirely improper for international civil servants to lobby or seek support from government representatives or members of legislative organs to obtain advancement either for themselves or for others or to block or reverse unfavourable decisions regarding their status. By adhering to the Charter and the constitutions of the organizations of the United Nations system, Governments have undertaken to safeguard the independence of the international civil service; it is therefore understood that government representatives and members of legislative bodies will neither accede to such requests nor intervene in such matters. The proper method for an international civil servant to address such matters is through administrative channels; each organization is responsible for providing these.

Staff management relations

26. Relations between management and staff should be guided by mutual respect. Elected staff representatives have a cardinal role to play in the consideration of conditions of employment and work, as well as in all matters of staff welfare. Freedom of association is a fundamental human right and international civil servants have the right to form and join associations, unions or other groupings to promote and defend their interests. Continuing dialogue between staff and management is indispensable. Management should facilitate this dialogue.

27. Elected staff representatives enjoy rights that derive from their status; this may include the opportunity to address legislative organs of their

organization. These rights should be exercised in a manner that is consistent with the Charter, the Universal Declaration of Human Rights and the international covenants on human rights and does not undermine the independence and integrity of the international civil service. In using the broad freedom of expression they enjoy, staff representatives must exercise a sense of responsibility and avoid undue criticism of the organization.

28. Staff representatives must be protected against discriminatory or prejudicial treatment based on their status or activities as staff representatives, both during their term of office and after it has ended.

Relations with member States and legislative bodies

29. It is the clear duty of all international civil servants to maintain the best possible relations with Governments and avoid any action which might impair this; they should certainly not interfere in the policies or affairs of Governments. It is unacceptable for them, either individually or collectively, to criticize or try to discredit a Government. At the same time, it is understood that international civil servants may speak freely in support of their organizations' policies. Any activity, direct or indirect, to undermine or overthrow a Government constitutes serious misconduct.

30. International civil servants are not representatives of their countries, nor do they have authority to act as liaison agents between international organizations and their Governments. The executive head may, however, request an international civil servant to undertake such duties, a unique role for which international loyalty and integrity are essential. For their part, neither Governments nor organizations should place international civil servants in a position where their international and national loyalties may conflict.

Relations with the public

31. For an international organization to function successfully, it must have the support of the public. All international civil servants therefore have a continuing responsibility to promote a better understanding of the objectives and work of their organizations. This requires them to be well informed of the achievements not only of their own organizations but of the United Nations system as a whole. The opportunity to provide information to the public can arise at any time.

32. There is a risk that on occasion international civil servants may be subject to criticism from outside their organizations; in keeping with their responsibility as international civil servants, they should respond with tact and restraint. They have the right to be defended by their organizations against criticism for actions taken in fulfilment of their duties and they should be confident that this will be done.

33. It would not be proper for international civil servants to air personal grievances or criticize their organizations in public. International civil servants should endeavour at all times to promote a positive image of the international civil service, in conformity with their oath of loyalty.

Relations with the media

34. Openness and transparency in relations with the media are effective means of communicating the organizations' messages, and the organizations should have guidelines and procedures for this purpose. Within that context, the following principles should apply: international civil servants should regard themselves as speaking in the name of their organizations and avoid personal references and views; in no circumstances should they use the media to further their own interests, to air their own grievances, to reveal unauthorized information or to attempt to influence policy decisions facing their organizations.

Use and protection of information

35. The disclosure of confidential information may seriously jeopardize the efficiency and credibility of an organization. International civil servants are responsible for exercising discretion in all matters of official business. They must not divulge confidential information without authorization. Nor should international civil servants use information that has not been made public and is known to them by virtue of their official position to private advantage. These are obligations that do not cease upon separation from service. It is necessary for organizations to maintain guidelines for the use and protection of confidential information, and it is equally necessary for such guidelines to keep pace with developments in communications technology. It is understood that these provisions do not affect established practices governing the exchange of information between the secretariats and member States, which ensure the fullest

participation of member States in the life and work of the organizations.

Respect for different customs and culture

36. The world is home to a myriad of different peoples, languages, cultures, customs and traditions. It is self-evident that a genuine respect for them all is fundamental for an international civil servant. Any behaviour that is not acceptable in a particular cultural context must be avoided. However, if a tradition is directly contrary to any human rights instrument adopted by the United Nations system, the international civil servant must be guided by it. International civil servants should avoid an ostentatious lifestyle and any display of an inflated sense of personal importance.

Security and safety

37. While an executive head must remain free to assign staff in accordance with the exigencies of the service, it is the responsibility of organizations to make sure that the health, well-being and lives of their staff, without any discrimination whatsoever, will not be subject to undue risk. The organizations should take measures to protect their safety and that of their family members. On the other hand, it goes without saying that it is incumbent on international civil servants to comply with all instructions designed to protect their safety.

Personal conduct

38. The private life of international civil servants is their own concern and organizations should not intrude upon it. There can be situations, however, in which the behaviour of an international civil servant can reflect on the organization. International civil servants must therefore bear in mind that their conduct and activities outside the workplace, even if unrelated to official duties, can compromise the image and the interests of the organization. This can also result from the conduct of members of international civil servants' households and it is the responsibility of international civil servants to make sure that their households are fully aware of this.

39. The privileges and immunities that international civil servants enjoy are conferred upon them solely in the interests of the organizations. They do not exempt international civil servants from observing local laws, nor do they provide an excuse for ignoring private legal or financial obligations. It should be remembered that only the executive head is competent to waive the immunity accorded to international civil servants or to determine its scope.

40. Violations of law can range from serious criminal activities to trivial offences, and organizations may be called upon to exercise judgement in the light of the nature and circumstances of individual cases. A conviction by a national court will usually, although not always, be persuasive evidence of the act for which an international civil servant was prosecuted, and acts that are generally recognized as offences by national criminal laws will normally also be violations of the standards of conduct for the international civil service.

Outside employment and activities

41. The primary obligation of international civil servants is to devote their energies to the work of their organizations. It is therefore improper for international civil servants to engage, without prior authorization, in any outside activity, whether remunerated or not, that interferes with that obligation or is incompatible with their status or conflicts with the interests of the organization. Any questions about this should be referred to the executive head.

42. Subject to the above, outside activities may, of course, be beneficial both to staff members and to their organizations. Organizations should allow, encourage and facilitate the participation of international civil servants in professional activities that foster contacts with private and public bodies and thus serve to maintain and enhance their professional and technical competencies.

43. International civil servants on leave, whether with or without pay, should bear in mind that they remain international civil servants in the employ of their organization and are still subject to its rules. They may, therefore, only accept employment, paid or unpaid, during their leave with proper authorization.

44. In view of the independence and impartiality that they must maintain, international civil servants, while retaining the right to vote, should not participate in political activities, such as standing for or holding local or national political office. This does not, however, preclude participation in local community or civic activities, provided that such participation is consistent with the oath of service in the United Nations system. It is necessary for international civil servants to

exercise discretion in their support for a political party or campaign, and they should not accept or solicit funds, write articles or make public speeches or make statements to the press. These cases require the exercise of judgement and, where there is any doubt, should be referred to the executive head.

45. The significance of membership in a political party varies from country to country and it is difficult to formulate standards that will apply in all cases. In general, international civil servants may be members of a political party provided its prevailing views and the obligations imposed on its members are consistent with the oath of service in the United Nations system.

Gifts, honours and remuneration from outside sources

46. To protect the international civil service from any appearance of impropriety, international civil servants must not accept, without authorization from the executive head, any honour, decoration, gift, remuneration, favour or economic benefit of more than nominal value from any source external to their organizations; it is understood that this includes Governments as well as commercial firms and other entities.

47. It is not proper for international civil servants to accept supplementary payments or other subsidies from a Government or any other source prior to, during or after their assignment with an international organization if the payment is related to that assignment. Balancing this requirement, it is understood that Governments or other entities should not make or offer such payments, recognizing that they are at variance with the spirit of the Charter and the constitutions of the organizations of the United Nations system.

Conclusion

48. The attainment of the standards of conduct for the international civil service requires the highest commitment of all parties. International civil servants must be committed to the values, principles and standards set forth here. They are expected to take a positive and active approach in upholding them. They should feel responsible for contributing to the broad ideals to which they dedicated themselves in joining the United Nations system. International organizations have a particular responsibility to ensure that the necessary guidance or rules are adopted to implement these standards. For their part, member States are expected, through their allegiance to the Charter and other constituent instruments, to preserve the independence and impartiality of the international civil service.

49. For these standards to be effectively applied, it is essential that they be widely disseminated, and that measures be taken to ensure that their scope and importance are understood throughout the international civil service, the member States and the organizations of the United Nations system.

50. Respect for these standards assures that the international civil service will continue to be an effective instrument in fulfilling its responsibilities and in meeting the aspirations of the peoples of the world.

Annex III

Education grant amounts for euro-zone currency areas as of 1 January 2002

(euros)

Country	*Maximum admissible educational expenses and maximum grant for disabled children*	*Maximum education grant*	*Normal flat rate when boarding not provided*	*Additional flat rate when boarding (at designated duty stations)*
Austria	12 159	9 119	3 170	4 755
Belgium	12 898	9 673	2 929	4 394
Finland	9 082	6 812	2 229	3 343
France	9 330	6 997	2 500	3 751
Germany	15 736	11 802	3 592	5 389
Ireland	9 997	7 498	2 404	3 606
Italy	12 289	9 217	2 558	3 838
The Netherlands	13 085	9 814	3 170	4 755
Spain	9 452	7 089	2 456	3 684

Annex IV

Children's and secondary dependant's allowance amounts for euro-zone currency areas as of 1 January 2002

(euros)

Country	*Children's allowance*	*Secondary dependant's allowance*
Austria	2 298	849
Belgium	1 947	623
France	1 730	574
French Guyana	1 730	574
Germany	2 321	832
Ireland	1 627	533
Luxembourg	1 947	623
Monaco	1 730	574
The Netherlands	2 271	773

Annex V

Salary scale for the Professional and higher categories, showing annual gross salaries and net equivalents after application of staff assessment effective 1 March 2002

(United States dollars)

Level	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*	*XIV*	*XV*
USG gross	**174 137**														
Net D	118 165														
Net S	106 342														
ASG gross	**158 353**														
Net D	108 379														
Net S	98 141														
D-2 gross	**129 834**	**132 689**	**135 540**	**138 392**	**141 245**	**144 097**									
Net D	90 697	92 467	94 235	96 003	97 772	99 540									
Net S	83 322	84 805	86 286	87 768	89 250	90 733									
D-1 gross	**114 784**	**117 226**	**119 669**	**122 106**	**124 550**	**126 994**	**129 437**	**131 877**	**134 319**						
Net D	81 366	82 880	84 395	85 906	87 421	88 936	90 451	91 964	93 478						
Net S	75 209	76 539	77 868	79 195	80 526	81 845	83 115	84 384	85 652						
P-5 gross	**101 084**	**103 294**	**105 505**	**107 715**	**109 924**	**112 132**	**114 344**	**116 553**	**118 761**	**120 974**	**123 185**	**125 392**	**127 602**		
Net D	72 872	74 242	75 613	76 983	78 353	79 722	81 093	82 463	83 832	85 204	86 575	87 943	89 313		
Net S	67 698	68 955	70 159	71 362	72 565	73 767	74 970	76 173	77 376	78 579	79 781	80 983	82 162		
P-4 gross	**83 255**	**85 283**	**87 306**	**89 329**	**91 442**	**93 597**	**95 752**	**97 906**	**100 065**	**102 216**	**104 371**	**106 529**	**108 682**	**110 837**	**112 994**
Net D	61 548	62 887	64 222	65 557	66 894	68 230	69 566	70 902	72 240	73 574	74 910	76 284	77 583	78 919	80 256
Net S	57 316	58 546	59 770	60 994	62 220	63 443	64 669	65 894	67 118	68 342	69 540	70 717	71 888	73 062	74 235
P-3 gross	**68 306**	**70 208**	**72 112**	**74 011**	**75 915**	**77 815**	**79 715**	**81 620**	**83 523**	**85 423**	**87 326**	**89 226**	**91 202**	**93 226**	**95 250**
Net D	51 682	52 937	54 194	55 447	56 704	57 958	59 212	60 469	61 725	62 979	64 235	65 489	66 745	68 000	69 255
Net S	48 242	49 396	50 553	51 706	52 862	54 015	55 169	56 324	57 477	58 632	59 782	60 933	62 083	63 233	64 384
P-2 gross	**55 346**	**56 907**	**58 465**	**60 027**	**61 729**	**63 429**	**65 130**	**66 829**	**68 532**	**70 233**	**71 932**	**73 636**			
Net D	42 849	43 973	45 095	46 218	47 341	48 463	49 586	50 707	51 831	52 954	54 075	55 200			
Net S	40 191	41 210	42 226	43 244	44 260	45 279	46 313	47 344	48 379	49 412	50 444	51 479			

Level	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*	*XIV*	*XV*
P-1 gross	**42 944**	**44 444**	**45 942**	**47 442**	**48 939**	**50 438**	**51 938**	**53 436**	**54 932**	**56 432**					
Net D	33 920	35 000	36 078	37 158	38 236	39 315	40 395	41 474	42 551	43 631					
Net S	31 997	32 992	33 986	34 980	35 974	36 967	37 962	38 944	39 921	40 899					

D = Rate applicable to staff members with a dependent spouse or child.

S = Rate applicable to staff members with no dependent spouse or child.

• This scale will be implemented in conjunction with a consolidation of 3.87 per cent of post adjustment. There will be consequential adjustments in post adjustment indices and multipliers at all duty stations effective 1 March 2002. Thereafter, changes in post adjustment classifications will be implemented on the basis of the movement of the consolidated post adjustment indices.

Annex VI

Staff assessment rates for the Professional and higher categories, for use in conjunction with gross base salaries

Effective 1 March 2002

A. Staff assessment rates for staff members with dependants

Assessable income (United States dollars)	*Staff assessment rates for staff members with a dependent spouse or a dependent child (percentage)*
First 30 000	18
Next 30 000	28
Next 30 000	34
Remaining assessable payments	38

B. Staff assessment rates for staff members without dependants

Staff assessment amounts for staff members with neither a dependent spouse nor a dependent child would be equal to the differences between the gross salaries at different grades and steps and the corresponding net salaries at the single rate.

Annex VII

Comparison of average net remuneration of United Nations officials in the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades (margin for calendar year 2001)

Grade	Net remuneration (United States dollars)		United Nations/United States ratio (United States, Washington, D.C. = 100)	United Nations/United States ratio adjusted for cost-of-living differential	Weights for calculation of overall ratio[c]
	United Nations[a,b]	United States			
P-1	50 851	37 754	134.7	117.3	0.2
P-2	67 455	49 562	136.1	118.6	5.6
P-3	81 790	60 889	134.3	117.0	21.8
P-4	97 300	75 137	129.5	112.8	32.0
P-5	112 067	89 029	125.9	109.7	26.8
D-1	121 952	100 884	120.9	105.3	9.9
D-2	130 637	108 085	120.9	105.3	3.7
Weighted average ratio before adjustment for New York/Washington, D.C. cost-of-living differential					128.8
New York/Washington, D.C. cost-of-living ratio					114.8
Weighted average ratio, adjusted for cost-of-living difference					112.2

[a] Average United Nations net salaries at dependency level by grade reflecting two months at multiplier 48.4 (on the basis of the salary scale effective through 28 February 2001), eight months at multiplier 41.2 and two months at multiplier 46.9 (on the basis of the salary scale in effect from 1 March 2001).

[b] For the calculation of average United Nations salaries, the latest available CCAQ Personnel Statistics (31 December 1999) were used.

[c] These weights correspond to United Nations common system staff in grades P-1 to D-2 inclusive, serving at headquarters and established offices as at 31 December 1999.

Annex VIII

Recommended net salary scale for staff in the General Service and other locally recruited categories in Rome

Survey reference date: 1 November 2000

(Thousands of lire)

Grade	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
GS-1	41 631	42 863	44 095	45 327	46 559	47 791	49 023	50 255	51 487	52 719	53 951	55 183	56 415	57 647	58 879
GS-2	44 128	45 628	47 128	48 628	50 128	51 628	53 128	54 628	56 128	57 628	59 128	60 628	62 128	63 628	65 128
GS-3	47 220	49 019	50 818	52 617	54 416	56 215	58 014	59 813	61 612	63 411	65 210	67 009	68 808	70 607	72 406
GS-4	51 471	53 576	55 681	57 786	59 891	61 996	64 101	66 206	68 311	70 416	72 521	74 626	76 731	78 836	80 941
GS-5	57 122	59 544	61 966	64 388	66 810	69 232	71 654	74 076	76 498	78 920	81 342	83 764	86 186	88 608	91 030
GS-6	65 695	68 454	71 213	73 972	76 731	79 490	82 249	85 008	87 767	90 526	93 285	96 044	98 803	101 562	104 321
GS-7	75 545	78 733	81 921	85 109	88 297	91 485	94 673	97 861	101 049	104 237	107 425	110 613			

Annex IX

Recommended net salary scale for staff in the Trades and Crafts category in New York

Survey reference month: May 2000

(United States dollars)

	Step						
Grade	*1*	*2*	*3*	*4*	*5*	*6*	*7*
TC1	29 216	30 150	31 084	32 018	32 952	33 886	34 820
TC2	32 048	33 072	34 096	35 120	36 144	37 168	38 192
TC3	34 859	35 976	37 093	38 210	39 327	40 444	41 561
TC4	37 680	38 886	40 092	41 298	42 504	43 710	44 916
TC5	40 497	41 793	43 089	44 385	45 681	46 977	48 273
TC6	43 320	44 705	46 090	47 475	48 860	50 245	51 630
TC7	46 141	47 618	49 095	50 572	52 049	53 526	55 003
TC8	48 964	50 531	52 098	53 665	55 232	56 799	58 366

Annex X

Recommended net salary scale for staff in the Language Teachers category in New York

Survey reference month: May 2000

(United States dollars)

Step											
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
43 831	45 252	46 673	48 094	49 515	50 936	52 357	53 778	55 199	56 620	58 041	59 462

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